MULTIMEDIA UNIVERSITY STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2018/2019

DMG5018 – MANAGEMENT ACCOUNTING 1

(All sections / Groups)

15 MARCH 2019
3.00PM – 6.00PM
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 4 pages with 4 Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Determine whether the following statement more suitable for management accounting or financial accounting. (3 marks)

1. The financial information pertains to business as a whole.
2. The main user of financial information is creditors, stockholders and regulators.
3. The financial reports are prepared as frequently as needed.
4. The contents of the report limited to double-entry accounting and cost data.
5. The reports are prepared on special purpose for specific decisions.
6. The main user of financial information are managers and officers.

Part B

The following data were taken from the records of Terra Company for 30 June, 2018.

Account receivable	RM40,000	Insurance expenses	RM8,000
Advertising expenses	15,000	Prepaid insurance	24,000
Cash	90,000	Raw material purchases	250,000
Depreciation of factory equipment	8,000	Rent on factory facilities	20,000
Depreciation on sales equipment	5,000	Sales revenue	600,000
Direct labour costs	185,000	Selling and administrative salaries	60,000
Indirect labour costs	30,000	Utilities expenses	12,000

Additional information:

1. Inventory balances at the beginning and end of June were:

	1 June	30 June
Raw material	RM16,000	RM20,000
Work in Process	12,000	14,000
Finished goods	30,000	40,000

2. 60% of insurance expenses and 70% of utilities expense apply to factory operations. The remaining amounts should be charged to selling and administrative activities.

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Instructions:

a) Prepare cost of goods manufactured schedule for Terra Company for June 2018. (9 marks)

b) Prepare an Income Statement for Terra Company for June 2018. (8 marks)

c) Prepare the current assets section of the Statement of Financial Position as at 30 June, 2018. (5 marks)

[TOTAL 25 MARKS]

QUESTION 2

Jentayu Sdn. Bhd., a manufacturer that uses job-order costing, recorded the following inventory beginning balances for year 2018.

	Beginning balance
Raw material	RM20,000
Work in Process	80,000
Finished goods	30,000

During the year, the following transactions were occurred:

1. Raw materials were purchased on account, RM380,000.
2. Raw materials were used in productions, RM252,000 were direct materials, whereas RM30,000 were indirect materials.
3. Factory labour costs incurred for the factory were RM178,000.
4. RM72,000 of factory labour costs was direct labour and the remaining was indirect labour.
5. Utilities costs incurred were RM42,000 still unpaid (80% relates to factory operations, and 20% relates to selling and administrative activities).
6. Advertising costs were paid in cash RM35,000.
7. Admin salaries RM150,000 and sales commission of RM70,000 were still accrued.
8. Depreciation recorded for the year was RM75,000. Of this amount, RM65,000 relates to factory operations, and the remaining relates to selling and administrative activities.
9. Insurance expired during the year was RM13,600 (70% relates to factory operations, and 30% relates to selling and administrative activities).
10. The company applies manufacturing overhead costs to production on the basis of RM12 per machine hour. A total of 20,500 machine hours were recorded for the year.
11. Production orders costing RM600,000 were completed during the year.
12. Only 7% of the finished goods inventory balance still unsold by the end of the year. The goods were sold on account at 60% above the costs.

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Instructions:

a) Prepare journal entries to record the information given above. Show your working for the cost of goods sold amount in item 12. (17 marks)

b) Post related transactions to the Work in Process Inventory account. (3 marks)

c) Determine whether the manufacturing overhead is under or over-applied. By how much? (5 marks)

[TOTAL 25 MARKS]

QUESTION 3

Kripton has three processing departments, which starts with Assembly Department. Cost charged to the Assembly Department for November 2018 totalled RM1,242,000 as follows:

Work in Process, 1 November:		
Material	RM68,000	
Conversion costs	46,000	RM114,000
Cost added during November:		
Material	860,000	
Conversion costs	268,000	1,128,000
Total costs		RM1,242,000

Production records show that 40,000 units were in beginning work in process with 30% complete as to conversion costs. A total of 600,000 units were started into production and 20,000 units were in ending work in process with 40% complete as to conversion costs. Materials are entered at the beginning of each process.

Instructions:

a) What is a production cost report? (2 marks)

b) State the **FOUR (4)** steps required to prepare the production cost report? (4 marks)

c) Prepare a production cost report for November 2018, using the weighted-average method. (15 marks)

d) Compute the equivalent units of production using the FIFO method. (4 marks)

[TOTAL 25 MARKS]

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QUESTION 4

Teguh Maju is a manufacturing company that produces printing machines. Data concerning the first two months of company's operations appear below:

Selling price	RM10,500 per machine
Direct materials	RM3,000 per machine
Direct labours	RM650 per machine
Variable manufacturing overhead	RM200 per machine
Fixed manufacturing overhead	RM9,000 per month
Variable selling and administrative	RM1,300 per machine
Fixed selling and administrative	RM5,000 per month

	May 2018	June 2018
Units beginning finished goods inventory	0	0
Unit produced	5	6
Unit sold	5	4
Units ending finished goods inventory	0	2

Instructions:

a) Calculate the manufacturing costs per machine for each month using:
   i) Absorption costing. (5 marks)
   ii) Variable costing. (4 marks)

b) Compare and comment on the manufacturing costs per machine as calculated in question (a). (2 marks)

c) Prepare an Income Statement for May 2018 using:
   i) Absorption costing. (5 marks)
   ii) Variable costing. (6 marks)

d) Is the net income computed from the two costing methods in question (c) the same? Why or why not? (1 mark)

e) Compute breakeven point in unit. (2 marks)

[TOTAL 25 MARKS]

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